

Message Text

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70

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 L-03 STR-04

AGR-05 CEA-01 FRB-03 H-02 INT-05 LAB-04 NSC-05 PA-01

AID-05 CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 /093 W
----- 010716

P 232006Z DEC 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 6305

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E.O. 11652: N/A

TAGS: EWWT, CI

SUBJECT: DISCRIMINATORY SHIPPING DECREE

REF: A. SANTIAGO 8583

B. SANTIAGO 7920

1. EMBASSY IS PLEASED TO REPORT THAT PRESIDENT PINOCHET MORNING OF DECEMBER 23 SIGNED NEW DECREE LAW (DL) WHICH HAS EFFECT OF RESTORING MARITIME FREIGHT SITUATION TO WHERE IT HAD BEEN BEFORE DISCRIMINATORY PRACTICES BEGAN IN SEPTEMBER. NEW DECREE LAW MUST NOW BE APPROVED BY CONTROLLER GENERAL AND PUBLISHED IN DIARIO OFICIAL AT WHICH POINT IT BECOMES LAW.

2. DECREE REITERATES EARLIER LEGISLATION THAT 50 PERCENT OF EXPORT CARGOES CAN BE CARRIED ON FLAG OF COUNTRY OF DESTINATION AS LONG AS COUNTRY OF DESTINATION RECOGNIZES AN EQUAL RIGHT FOR CHILEAN VESSELS. SINCE IN PAST CHILEAN FLAG VESSELS CARRIED AT LEAST 70 PERCENT OF FREIGHT FROM CHILEAN TO U.S. PORTS, NO WAIVERS BY CHILEAN LINES WERE INSISTED UPON. ODEPLAN (PLANNING) DIRECTOR KELLY HAS PASSED TO EMBASSY
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THROUGH LACKINGTON THE ASSURANCE THAT QUOTE THERE WOULD BE

NO MORE OF THIS NONSENSE ABOUT DEMANDING WAIVERS. UNQUOTE.

3. ACCORDING TO LACKINGTON, FON MIN CARVAJAL AND FINMIN CAUAS WENT TO PINOCHET FOR EXPRESS PURPOSE OF AROUSING HIS IRE OVER WAY SITUATION HAD DEVELOPED. EMBASSY'S AIDE-MEMOIRE (REF B) WHICH PINOCHET READ, WAS APPARENTLY HELPFUL IN PERSUADING HIM OF IMPORTANCE OF SATISFYING USG ON THIS ISSUE. MIN TRANSPORT THEREUPON DRAFTED NEW DL TO MEET THIS REQUIREMENT.

4. MEANWHILE, LACKINGTON SAYS THAT ODEPLAN IS WORKING ON QUOTE GLOBAL UNQUOTE SOLUTION WHICH BY INTERPRETATION WOULD FIND THAT VAT (IVA) REBATE DOES NOT CONSTITUTE A SUBSIDY WITHIN MEANING OF DL-466, AND HENCE WOULD ELIMINATE THIS LEGAL BASIS FOR 100 PERCENT FREIGHT RESERVE.

5. FINAL STEP IN LEGAL PROCESS, ACCORDING TO DL, WILL BE QUOTE RESOLUTION UNQUOTE BY MIN TRANSPORT STATING THAT U.S. GIVES QUOTE RECIPROCITY TO CHILEAN VESSELS WITH RESPECT TO SIMILAR CARGOES. UNQUOTE.

6. EMBASSY WILL KEEP AFTER GOC UNTIL ALL NECESSARY STEPS TAKEN, AT WHICH POINT WILL ADVISE DEPARTMENT, PRUDENTIAL REP GORMAN BEING INFORMED OF SUBSTANCE OF THIS TELEGR..
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